



SBT Direct e-file

Michigan Department of Treasury

Michigan Single Business Tax Transmitters' e-file Handbook

Note: If you are sending your returns to your software developer who will in turn transmit them to Treasury, you **do not need** to apply to be a transmitter.

www.michigan.gov/sbtefile

2006

TABLE OF CONTENTS

SECTION 1	SBT Direct e-file Introduction	
	1.1 General Information.....	1
	1.2 Treasury Contacts	2
	Software Developers and Transmitters Only	2
	For Taxpayers	3
	1.3 Highlights & Important Information for Tax Year 2006 ..	4
	1.4 Key Dates.....	5
	1.5 State of Michigan Holiday Schedule	5
	1.6 Definitions.....	6
	1.7 Program Compliance	6
SECTION 2	SBT Direct e-file Application (Profile)	
	2.1 General Information.....	7
	2.2 Transmission Software Developers	7
SECTION 3	SBT Direct e-file Transmitter Requirements	
	3.1 Transmitter Requirements.....	9
	3.2 Unacceptable File types	10
SECTION 4	SBT Direct e-file Transmitter Testing	
	4.1 Transmitter Testing.....	11
	4.2 Transmitter Acknowledgment Testing	12
SECTION 5	SBT Direct e-file Acknowledgment System	
	5.1 File Acknowledgments	13
	5.2 Retrieving Acknowledgments.....	13
	5.3 Return Acknowledgments.....	14

SECTION 1 SBT Direct e-file Introduction

1.1 General Information

Thank you for your interest in the Michigan Department of Treasury's (Treasury) Single Business Tax Direct Electronic Filing (SBT e-file) Program. The Michigan SBT Direct e-file Program was developed to provide Michigan taxpayers with the opportunity to use Internet technology to file Single Business Tax Returns. The Michigan Single Business Tax Transmitters' e-file Handbook (Transmitters' Handbook) provides you with information on how you can participate as a transmitter in the SBT Direct e-file Program.

Note: If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter.

To optimize operational efficiency and improve customer service, Treasury mandated electronic filing of SBT returns.

Software developers producing software for professional tax preparers will need to support e-file for all Michigan SBT forms that are included in their tax preparation software package. Therefore, all eligible SBT returns prepared using software must be e-filed.

The following 2006 forms are eligible for SBT e-file:

C-8000	SBT Annual Return
C-8000C	SBT Credit for Small Businesses and Contribution Credits
C-8000D	SBT Recapture of Capital Acquisition Deduction
C-8000G	SBT Statutory Exemption/Business Income Averaging
C-8000H	SBT Apportionment Formula
C-8000ITC	SBT Investment Tax Credit
C-8000KC	SBT Schedule of Shareholders and Officers
C-8000KP	SBT Schedule of Partners
C-8000S	SBT Reductions to Adjusted Tax Base
C-8009	SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternate Tax for Members of Controlled Groups
C-8010AGR	SBT Adjusted Gross Receipts for Controlled Groups
C-8020	SBT Penalty and Interest Computation for Underpaid Estimated Tax
C-8030	SBT Notice of No SBT Return Required
C-8043	SBT Statutory Exemption Schedule
C-8044	SBT Simplified Return

3307 SBT Loss Adjustment Worksheet for the Small Business Credit

Information from the following federal forms should be included when filing the C-8000, C-8044 or C-8030:

Corporations - U.S. 1120 (pages 1-4) or U.S. 1120-A (pages 1-2), Schedule D, Form 851, Form 4562 and Form 4797. If filing as part of a consolidated federal return, attach a proforma or consolidated schedule.

S Corporations - U.S. 1120S (pages 1-4)*, Schedule D, Form 851, Form 4562, Form 4797 and Form 8825

Individuals - U.S. 1040 (pages 1-2), Schedules C, C-EZ, D, E and Form 4797

Fiduciaries - U.S. 1041 (pages 1-4), Schedule D and Form 4797.

Partnerships - U.S. 1065 (pages 1-4)*, Schedule D, Form 4797 and Form 8825

Limited Liability Companies - attach appropriate schedules shown above based on federal return filed.

***Do not send copies of K-1s. Treasury will request them if necessary.**

SBT Direct e-file is not available to taxpayers that file the following forms or meet the following conditions:

Taxpayer has not previously filed a paper SBT return with Treasury.

C-8022 SBT Farmland Preservation Tax Credit

C-8000X SBT Amended Return

C-8008 SBT Affiliation Schedule - Consolidated Filing

C-8044X SBT Amended Simplified Return

C-8000MC SBT Miscellaneous Credits

1366 Insurance Company Annual Return for SBT
and Retaliatory Tax

Returns for years 2001 and before

Returns requiring payment for 2002

When form 4 APPLICATION FOR EXTENSION OF TIME TO FILE MICHIGAN TAX RETURNS needs to be filed, the SBT return can be e-filed, but form 4 must be mailed.

1.2 Treasury Contacts

Contact Information for Tax Preparers and Software Developers Only

E-file Coordinator and
Alternative Filing Programs Manager

Annette L. Olivier-Wolfe

Program Area, Testing, File Specifications and
Record Layouts

Scott Bunnell
Robert Carter

E-Mail	MIefile2D@michigan.gov
Telephone	(517) 636-4450
Persons who are deaf, hard of hearing or have a speech impairment may call	(517) 636-4999 (TTY only)
Fax	(517) 636-4378
Michigan Treasury Web Site	www.michigan.gov/treasury
SBT e-file Web Site	www.michigan.gov/sbtefile
Mailing Address	Alternative Filing Programs Office Michigan Department of Treasury P. O. Box 30058 Lansing, Michigan 48909

Staff is available Monday through Friday, 8 a.m. to 5 p.m. EST, except state holidays. When leaving a phone message, please give as much detail as possible so that Alternative Filing staff can research the question(s) and have the answer(s) ready when they call back. Speak clearly and spell any difficult names.

Treasury does not recommend sending account-specific information over the Internet. Federal and state disclosure laws require that taxpayer privacy and the confidential records that are filed with the Department are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

The Alternative Filing staff is not able to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the Department's regular error resolution process. Treasury will, however, discuss return situations with the preparer if the appropriate authorization box has been completed on the return.

Internet Options

Treasury offers a variety of services designed to assist taxpayers, and most are available 24 hours a day, seven days a week.

www.michigan.gov/bustax

To obtain information about your account using the Internet services you will need the following information for your return:

- Filers Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number,
- Gross Receipts and,
- Organization type.

Access Treasury's Web site to:

- Register for business taxes
- Access your Customer Service Number (CSN)
- Check if your return has been received

- Check if your refund has been issued, and when
- Ask Treasury a question
- Check estimated payments
- Request copies of returns filed
- Obtain copies of current and prior year tax forms at www.michigan.gov/treasury.

Customer Contact Center

Taxpayers that do not have Internet Service may call the SBT Customer Contact Staff at (517) 636-4700 for assistance.

Persons who are deaf, hard of hearing or have a speech impairment may call (517) 636-4999 (TTY).

1.3 Highlights and Important Information for Tax Year 2006

- The SBT Direct e-file system will be unavailable from 4:00 a.m. to 5:15 a.m. daily, and from 8:00 p.m. to midnight on the third Saturday of the month for maintenance. If you attempt to transmit a file during this period, you will receive a message stating that the system is unavailable and to try again later.
- Transmitters must have Netscape 4.0 (or higher) or Microsoft Internet Explorer 4.0 (or higher). You cannot use MAC browsers or WebTV. You also need tax preparation software that has been approved by Treasury for SBT e-file. Visit our Web site for a list of approved software vendors. Software testing begins in November and the list will be updated as developers pass the testing process. Treasury does not endorse any particular software package.
- **E-mail LISTSERV for Tax Professionals** The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds, to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe to this service or for additional information visit the [Tax Preparers Web site](#).
- SBT Annual returns requiring payment are eligible for e-file. There are two payment options available.
 - **Electronic Funds Transfer (EFT).** Information on the EFT process as well as form 2248, EFT DEBIT APPLICATION and form 2328 EFT CREDIT APPLICATION are available on our Web site at: www.michigan.gov/biztaxpayments. Fax your completed application to (517) 636-4356. Please allow four weeks for processing.
 - **Paper Payment Voucher.** If the taxpayer chooses to mail their payment, they must include form SBT-V SBT E-FILE ANNUAL RETURN PAYMENT

VOUCHER with the payment. Copies of federal and Michigan returns or schedules should not be mailed to Treasury.

Determining Which Tax Year's Form to File

Annual returns are due on or before the last day of the 4th month after the end of your tax year. For fiscal year filers the beginning date year should coincide with the tax year form. For example:

<u>File Period</u> <u>Beginning Date</u>	<u>File Period</u> <u>Ending Date</u>	<u>Tax Year</u> <u>Form Filed</u>	<u>Due Date</u>
January 2006	December 2006	2006	April 30, 2007
September 2005	August 2006	2005	December 31, 2006
January 2004	December 2004	2004	April 30, 2005
February 2003	January 2004	2003	May 31, 2004

- Registration changes (name, address, phone number, filing date, etc.) must be made by calling (517) 636-4660 or submitting form 163, [NOTICE OF CHANGE OR DISCONTINUANCE](#).
- The tax rate for the calendar year ending 2006 is 1.9%.

1.4 Key Dates

Deadline for Submitting SBT Direct e-file Application	None
Transmitter Testing	Available year-round
Begin Transmitting Live Returns for 2006	Late January 2007
SBT Direct e-file unavailable - changeover to new tax year (Test returns may still be submitted.)	January 15-26, 2007

1.5 State of Michigan Holiday Schedule 2006-2007

September 4, 2006	Labor Day
November 7, 2006	General Election Day
November 10, 2006	Veterans' Day
November 23 and 24, 2006	Thanksgiving
December 25 and 26, 2006	Christmas
January 1 and 2, 2007	New Year's
January 15, 2007	Martin Luther King Jr.'s Birthday Observed
February 19, 2007	Presidents' Day
May 28, 2007	Memorial Day
July 4, 2007	Independence Day
September 3, 2007	Labor Day
November 12, 2007	Veterans' Day
November 22 and 23, 2007	Thanksgiving
December 24 and 25, 2007	Christmas
December 31, 2007	New Year's Eve

1.6 Definitions

Electronic Return Originator (ERO) or Preparer

An ERO is the person or firm that constructs the return information for the taxpayer for the purpose of electronically filing a tax return.

Transmitter

A transmitter is the business or individual that electronically sends the file of return data to Treasury. **In most cases the software developer will be the transmitter.** Preparers who are sending returns to the software developer, who will in turn transmit them to Treasury, **do not need** to apply to be a transmitter.

To be a transmitter you must:

- Submit an [SBT e-file New Application](#) to Treasury, and
- Pass the Treasury qualifications review as outlined in this Publication.

1.7 Program Compliance

Treasury will ensure transmissions are in compliance with the requirements outlined in this publication and Publication 3919, [SBT DIRECT E-FILE SPECIFICATIONS AND SOFTWARE DEVELOPER GUIDE](#).

If, after acceptance, a software developer or transmitter has production problems, Treasury reserves the right to suspend that software developer/transmitter until the problems are resolved to Treasury's satisfaction.

SECTION 2 SBT Direct e-file Application (Profile)

2.1 General Information

An organization or individual interested in participating as a transmitter or software developer must submit an SBT e-file New Application (Profile) request to Treasury. The online application is available on our Web site www.michigan.gov/sbtefile. Applications are processed within 1-2 business days. An acceptance letter containing your user ID and password to e-file SBT return(s) will be mailed within one (1) week. It is the responsibility of the transmitter to keep this information secure. Applications may be submitted at any time throughout the year.

Note: If the Web Server is down, you will not be able to access the SBT Direct e-file program.

In future years, participants who have been previously accepted by Michigan do not need to resubmit an application. If there is a change in the information on file, participants should submit the updated information by using the Update Profile screen on our Web site.

Failure to apply will preclude participation in the program.

If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter.

If you are an ERO/preparer that will be a transmitter, and will be transmitting multiple returns you only need one user code and password.

2.2 Transmission Software Developers

Developers producing and including the transmission capability in their software need to:

- Apply to Treasury by submitting an [SBT e-file New Application \(Profile\)](#) request.
- Develop XML file transmission software. The test file in XML must contain:
 - transmission data,
 - at least two SBT returns created with approved software or the sample SBT XML file available on our Web site, and
 - transmission end data.
- Test their transmission capabilities as outlined in the Transmitters' Handbook.
- Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as a transmitter.

When the developer is not functioning as the transmitter, but allowing the preparer/ERO to function as the transmitter, the preparer will need to:

- Apply to Treasury by submitting an [SBT e-file New Application \(Profile\)](#) request.
- Test their transmission capabilities as outlined in the Transmitters' Handbook.
- Adhere to the requirements outlined in Section 3 of the Transmitters' Handbook.

Developers obtaining the transmission portion of the software from another company will need to:

- Apply to Treasury by submitting an [SBT e-file New Application \(Profile\)](#) request.
- Test as a transmitter as outlined in the Transmitters' Handbook, and then test as a developer.
- Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as the transmitter.

Developers producing only the transmission portion of the software and not functioning as the transmitter will need to:

- Apply to Treasury by submitting an [SBT e-file New Application \(Profile\)](#) request.
- Develop XML file transmission software. The test file in XML must contain:
 - transmission data,
 - at least two SBT returns or the sample SBT XML file available on our Web site, and
 - transmission end data.
- Test their transmission capabilities as outlined in the Transmitters' Handbook.
- Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as a transmitter.

SECTION 3 SBT Direct e-file Transmitter Requirements

3.1 Transmitter Requirements

- Use Treasury-assigned user code and password to transmit (user code and password are case sensitive).
- Successfully complete transmitter testing. Each transmission can contain up to 999 returns.
- Retrieve acknowledgments from Treasury.

Once the return is transmitted and acknowledged, the transmitter is required to:

- Send or make available electronically the acknowledgment to the ERO within two (2) business days of retrieving the acknowledgment file, **or** mail a written notification to the ERO within one business day of retrieving the acknowledgment file.
- Advise the ERO to retain a complete copy of the return and any supporting materials.
- Advise the ERO that an amended return, if needed, must be filed as a paper return and mailed to Treasury.
- Inform the ERO that refunds and correspondence will be sent to the legal address currently in Treasury's records.

If the return is rejected, the transmitter must notify the ERO of the following:

- The return has not been accepted for processing.
- Date of rejection by Treasury.
- Explanation of the rejection code used by Treasury.

Instructions for transmitting compressed files:

- Currently only files compressed using ZIP or GZIP format can be transmitted.
 - ◆ Instructions for ZIP files:
 - Files compressed using ZIP format must have an extension of .ZIP (i.e., myTransmission.zip).
 - Invalid or corrupted compression formats will be checked and rejected.
 - Multiple transmission files can be combined into one compressed ZIP file.
 - Transmission acknowledgments will be provided for each file within a compressed file.
 - You must retransmit only the files that were rejected, not the entire compressed file.
 - ◆ Instructions for GZIP files:
 - Files compressed using GZIP format must have an extension of .GZ or .GZIP (i.e., myTransmission.gz).
 - Invalid or corrupted compression formats will be checked and rejected.
 - GZIP files can contain only one transmission file.
 - Individual GZIP files cannot be combined using a utility like TAR.

- Transmission acknowledgments will be provided for the transmission file within the GZIP file.

3.2 Unacceptable File Types

Files with certain extensions will not be accepted. The current list of unacceptable file extensions is listed below.

.386	.hta
.bat	.htt
.bin	.js
.com	.ocx
.cpl	.scr
.csh	.sh
.dll	.sys
.drv	.vxd
.exe	.wsh

If you receive the message: "File name with this extension cannot be transmitted." please rename your file and transmit again.

SECTION 4 SBT Direct e-file Transmitter Testing

4.1 Transmitter Testing

All transmitters must successfully complete the transmitter testing process with Treasury. Applicants must use Treasury-assigned user codes and passwords for system testing. For test purposes only, the returns in the transmission file must be prepared using approved software or the sample SBT XML file. System testing ensures that:

- SBT Direct e-file specifications are met;
- The transmitter is able to send information to and retrieve information from Treasury;
- The transmitter understands the mechanics of e-filing;
- The TransmissionData at the beginning of the file and the TransmissionEndData at the end of the file are correct;
- The return count in the TotReturnCount field equals the total number of returns in the file;
- The sequence number for the day is incrementing properly by transmitting more than once on the same day;
- Acknowledgments are picked up properly.

The transmitter testing process is as follows:

1. If not currently enrolled, apply to Treasury by submitting an [SBT e-file New Application \(Profile\)](#) request.
2. Follow the guidelines in the Transmitters' Handbook.
3. Submit a test file that contains at least two Treasury test scenario returns prepared using approved software or the sample SBT XML file.

If using the sample SBT XML file the following elements must be changed:

- TransmissionData:
 - TransUserCode= Treasury assigned transmitter user code.
 - TransDate= date file sent to Michigan.
 - JulianDay= date file sent as a Julian date.
 - SeqNumber= number of the file sent on specific Julian day ("1" for first file, "2" for second file).
 - SBTHHeader:
 - TransDate= date file sent to Michigan.
 - TransSeq=same as SeqNumber in TransmissionData.
4. Submit second transmission on the same day.
 5. Treasury will acknowledge the test transmissions in two ways:
 - After transmitting the file the Web Portal will indicate the file was transmitted successfully or unsuccessfully.
 - When the test files are successfully transmitted an e-mail will be sent to the transmitter stating the same.
 6. As instructed in the e-mail, reply stating whether you were successful or unsuccessful in retrieving test acknowledgements. Test acknowledgements may show status ACC or REJ. Status of REJ on a test acknowledgement does not mean a rejected transmitter test. Treasury is testing the transmitter's ability to retrieve test acknowledgements.
 7. Treasury will submit the test file for mainframe testing.

8. Within 2-4 business days Treasury will issue written approval to transmit live returns through the SBT Direct e-file program or notify you of any processing problems that were encountered and need to be addressed.

Note: Transmitters may transmit test files as many times as necessary until Treasury grants approval to transmit live returns.

When transmitting files, if no response is received from Treasury after five minutes, the application may be experiencing problems. Please wait an hour and try again. You may also contact the Alternative Filing Office to report this difficulty.

4.2 Transmitter Acknowledgment Testing

Upon receipt of a successful test transmission, Treasury will process the file and generate test return acknowledgments. Transmitters must retrieve these acknowledgments from the test site by selecting Test Return Acknowledgments from www.michigan.gov/sbtefile and entering their User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks_<userid>.xml. The <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results.

To prevent duplicate postings to Treasury's system, the last digits of the test account numbers will be incremented. The first four digits of the test account numbers will not change. For example:

Test 1 account number = 38-1000000

Test 1 acknowledgment number could be 38-1000015

Transmitters must respond to Treasury via e-mail indicating that acknowledgments were retrieved successfully before Treasury will grant written approval for live SBT Direct e-file transmissions.

Please see Section 5 for additional information regarding the acknowledgment system.

SECTION 5 SBT Direct e-file Acknowledgment System

5.1 First Acknowledgment (File Acknowledgment)

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file. Transmitters will need to retransmit the file until it clears the schema validation. If you have questions, your XML programmer can help interpret the error message.

Upon successful transmission of a file, the transmitter will receive a message back from Treasury indicating the transmission has been received and the return acknowledgments will be available within 1-2 business days.

If any of the following conditions exist, the entire transmission will be rejected.

- XML file doesn't validate against XML schema. (See XML File Layout / Forms Cross Reference for a complete list of conditions)
 - Transmission data is missing or invalid.
 - Invalid production-test code (field TransType): P = Production, T = Test
 - No returns within transmission.
 - Return type (field ReturnID) left blank
 - Invalid return type.
 - Account number (field FEIN) left blank.
 - File period (field EndFilePeriod) left blank.
 - Name of business (field BusinessName1) left blank.
- Transmitter User ID (field TransUserCode) inside file must match User ID entered at sign-in.
- Invalid total return count in TransmissionEndData

5.2 Retrieving Return Acknowledgments

To retrieve return acknowledgments, select Return Acknowledgments from www.michigan.gov/sbtefile and enter your User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks_<userid>.xml, where <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results. For an exact definition of the file format, see XML schema file SBTACKS.xsd.

The acknowledgment screen will display information similar to the following:

<u>File Id</u>	<u>Transmit</u>		<u>Ending</u>		<u>Trans</u>		<u>ERO</u>	<u>DCN</u>	<u>DCN</u>	<u>Rejection</u>	
	<u>Date</u>	<u>Account</u>	<u>File Date</u>	<u>Seq</u>	<u>Seq</u>	<u>EFIN</u>	<u>Batch</u>	<u>Seq</u>	<u>Status</u>	<u>Code</u>	
1234567	11/15/2006	38-1234567	12/2006	01	01	555666	01	01	REJ	10	
1234567	11/15/2006	38-7654321	12/2006	02	02	555666	02	01	ACC		

If the return acknowledgement database is unavailable the following message will appear on the acknowledgment screen or in the file if you are downloading the acknowledgments:

The Michigan database is currently unavailable for the retrieval of SBT return acknowledgements. Please try again later.

5.3 Second Acknowledgment (Return Acknowledgment)

The second is an acknowledgment for each individual return record included in the file. This acknowledgment is available within 1-2 business days after successful transmission of a file.

Treasury will perform certain checks on the return during the acceptance process. All returns, whether e-filed or paper-filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given. The acknowledgment codes are as follows:

ACC Electronic return was **accepted** and will be reviewed and processed.

REJ Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted to Treasury.

Reject Status Codes

<u>Rejection Code</u>	<u>Form</u>	<u>Description</u>
10	C-8000 C-8044 C-8030	Duplicate return - return already received by Treasury.
20	All forms	Unauthorized Software Developer
30	C-8000 C-8044 C-8030	Electronic Signature Alternative (ESA) is invalid

Note: If the return is signed using ESA shared secrets and the return is rejected because the shared secrets do not validate, the taxpayer/preparer may correct the shared secrets information and retransmit. There is no limit on how many times a return can be retransmitted in this circumstance.

40	C-8000 C-8044 C-8030	Return filed on wrong year form
----	----------------------------	---------------------------------

Note: Fiscal year filers beginning year date should coincide with the form's tax year.

50	C-8030	Gross receipts are \$350,000 or more. An SBT annual return (C-8000) or C-8044) must be filed even if no tax is owed.
60	C-8000 C-8044 C-8030	Ending Date is incorrect. Ending Date is less than Beginning Date.